

OREGON ACCOUNTING MANUAL		Number 15.60.30.PO
Oregon Department of Administrative Services State Controller's Division		Effective Date July 1, 2001
Chapter	Accounting and Financial Reporting	.1 OF .1
Part	Capital Assets	
Section	Capital Leases	Approval Signature on file at SCD

Authority NCGA Statement No. 5
 FASB Statement No. 13
 GASB Statement No. 34

Scope and Applicability

- .101 The **agency head** of each agency is responsible to ensure the State's **capital assets** are accounted for and classified properly and accurately in their accounting records. Agency administrators will appoint an individual to maintain a subsidiary system (manual or automated) to appropriately account for capital assets, including **capital leases**.

Policy Standards

- .102 A capital lease is a lease of real or personal property that meets the criteria for capitalizing an asset and recording a liability in the accounting records.
- .103 Management is responsible to ensure proper accounting and reporting of capital leases. When an agency enters into a lease, the criteria in the accompanying procedure should be applied to determine if the transaction is a capital lease or an operating lease.
- .104 The State's capitalization threshold is \$5,000. Thus, capital leases for which the present value of the minimum future lease payments is \$5,000 or more (initial cost, excluding interest) should be capitalized and reported in the agency's accounting records.
- .105 If property has been leased by a **proprietary fund** or **fiduciary fund**, the capital lease will be accounted for within the accounts of that fund. If property has been leased for general government purposes (using resources from **governmental funds**), the capital lease should be accounted for in the **government-wide reporting fund**.
- .106 Agencies are responsible to provide required disclosure information to Statewide Accounting and Reporting Services (SARS) for financial statement note disclosure purposes. Agencies with audited financial statements should include disclosures required for capital leases in the notes to their financial statements.